



HOUSE NOTES

**The Latest News from the State Capitol
Louisiana House of Representatives
June 8, 2007**

Five House bills have completed the legislative process and four await the governor's pen. [House Bill 633](#) has been signed and becomes Act No. 1. No Senate bills have cleared both the House and Senate as of this date. Of all House bills introduced, 333 have been sent to the Senate and the Senate has sent the House 188 bills to consider.

This week several tax break bills began moving through the process, with several passing the House and heading to the Senate.

The Omnibus Bond Authorization Act, [House Bill 3](#), came up for a second vote on the House Floor this week. The bill was one vote short of the two-thirds majority needed for passage.

TAX EXEMPTIONS/BREAKS

* [House Bill 973](#) provides a tax break for dairy farmers. The bill allows a refundable income or corporation franchise tax credit based on the amount of milk produced and sold. The credit may be claimed against any Louisiana income tax and the corporation franchise tax. For example, the tax credit for up to 1 million pounds of milk produced is \$5,000 and for over 3 million pounds, \$30,000. The credit cannot exceed \$30,000 per producer and the aggregate amount for all producers is capped at \$2,500,000 per year. The credit will be allowed only when the USDA Uniform Price in Federal Order No. 7 drops below the announced production price.

The bill has passed the House and

awaits referral to Senate committee.

* [House Bill 37](#) establishes a sales tax holiday (state sales and use tax exemption) on the first Thursday, Friday, and Saturday in December, 2007 for purchases of \$2,500 or less of tangible property. This does not include meals or motor vehicles. The bill also allows political subdivisions to waive local sales and use tax during that same period.

The legislation has passed the House and awaits Senate committee referral.

* [House Bill 225](#) authorizes an annual sales tax holiday from state sales and use taxes on the first \$1,500 of certain hurricane-preparedness items or supplies to be held during the last weekend of May each year. Items or supplies purchased at airports, convenience stores, public lodging establishments, and entertainment complexes do not qualify. This legislation has passed the House and awaits Senate consideration.

INSURANCE/ CITIZENS RATES

* [House Bill 962](#) would eliminate the La. Citizens Property Insurance Corporation's non-competitive rating structure in any market that lacks competitive residential property insurance rates and requires Citizens to use actuarially-sound rates until competition resumes.

Present law requires that Citizens' policy rates are noncompetitive and must be at least 10% above the rates charged among the 10 insurers with the greatest total direct written

premium in each parish for that line of business in the preceding year.

House Bill 962 provides that until August 15, 2010, Citizens shall charge the higher of the actuarially sound rates or rates equal to the highest of the top ten insurers with the greatest total direct written premium for residential property insurance in any noncompetitive market until competition resumes.

If the commissioner is informed that Citizens is writing more than 50% of the residential property insurance business in a market, he must determine if a reasonable degree of competition exists in that market. If the commissioner finds that a competitive market does not exist, he shall inform Citizens' board of directors. Citizens shall use the commissioner's findings in determining the application of its noncompetitive rating structure to residential property insurance policies in the noncompetitive market. Each ruling expires one year from the date it was issued and may be renewed after a public hearing.

House Bill 962 was approved 84-14 by the full House.

INSURANCE RATING COMMISSION/OFFICE OF CONSUMER ADVOCACY

* [House Bill 960](#) (a substitute of House Bill 860, adopted on the House floor) abolishes the Louisiana Insurance Rating Commission (LIRC) and transfers all of its powers, duties and functions to the office of property and casualty within the Department of Insurance. The bill also creates the office of consumer advocacy within the Department of Insurance. The office of property and casualty would regulate all insurance rates or rate changes for property and casualty insurance lines, including the authority to provide for and enforce these rate changes.

The examination and investigative authority formerly held by the La. Insurance Rating Commission would be transferred to

the commissioner of insurance.

House Bill 960 provides that any rate change applicable to an individual risk may become effective 30 days after filing. A rate increase for an individual risk cannot be approved more than once in a 12-month period, but an application for a reduction of rates may be approved at any time. A filing is considered approved unless disapproved in writing by the office of property and casualty within the prescribed 30-day waiting period.

Any filing that is disapproved may be appealed to the commissioner within 15 days from receipt of written notice of disapproval.

The office of consumer advocacy within the Department of Insurance would operate under the direction of a deputy commissioner of insurance, appointed by the commissioner and confirmed by the Senate. The office of consumer advocacy will receive inquiries and complaints from consumers; prepare and disseminate information as the department deems appropriate to inform or assist consumers; provide direct assistance and advocacy for consumers requesting assistance; and report apparent or potential violations of law.

Finally, the proposed legislation establishes a property insurance bill of rights for consumers that must be observed by all property insurers in the state.

House Bill 960 was approved by a vote of 101-0.

UTILITY SALES TAX EXCLUSION

* [House Bill 170](#) provides for a 4 % state sales and use tax exclusion for machinery and equipment purchased by utilities that are assigned the North American Industrial Classification System Code 22111, Electric Power Generation, as it existed in 2002.

The bill becomes effective July 1, 2007.

House Bill 170 has passed the House and awaits Senate consideration.

CRIMINAL PROCEDURE

* [House Bill 313](#) would increase the time

period for filing a bill of indictment from 60 days to 120 days when a defendant is held in custody for a felony offense for which the punishment may be death or life imprisonment.

House Bill 313 was passed by a vote of 80 to 24 and is headed to the Senate.

LOUISIANA HEALTH FIRST SYSTEM

* [Senate Bill 1](#) Senate Bill 1 enacts the Health Care Reform Act of 2007 called Louisiana Health First to revamp the state's health care delivery system for Medicaid recipients and low-income uninsured citizens. The Act consists of a medical home system of care which is a health care delivery system that is patient and family centered and is guided by a personal primary care provider who coordinates and facilitates preventative and primary care that improves patient outcomes in the most cost efficient manner possible providing access to appropriate specialty care and inpatient services; provides medical management and provider accountability; emphasizes patient and provider accountability; and prioritizes local access to the health care services. The managed care networks would be overseen by the state and put together by public and private health-care providers. Louisiana Health First would begin as a pilot program in the New Orleans and Lake Charles areas. The proposed law is to be budget neutral or subject to an annual appropriation by the legislature.

Senate Bill 1 defines health information technology as information technology used in health care, including but not limited to electronic health records/electronic medical records, computerized physician order entry, health information exchange, telemedicine, and other relevant information technology deemed appropriate by the secretary of the department.

The bill provides for the adoption of health information technology to fully

participate in Louisiana Health First and requires that the department avail itself of any public and private funding available to implement health information technology.

The department of health would be allowed to establish a mechanism to evaluate and improve the medical home system.

The Department of Health and Hospitals would be required to establish reimbursement methodologies to compensate providers who care for Medicaid recipients and citizens in the medical home system.

Reimbursement of services for low-income uninsured individuals shall be allocated to the greatest extent possible based on the disbursement of the low-income uninsured population statewide.

The bill was unanimously approved by the House Health & Welfare Committee and recommitted to the House Appropriations Committee.

DEPOPULATION OF CITIZENS INSURANCE CORP.

* [Senate Bill 153](#) requires Citizens Property Insurance Corporation, the state's "insurer of last resort" for residential and commercial property applicants who cannot obtain insurance through the voluntary market, to bundle their policies in groups of not less than 500 and offer them for sale to private insurers. The legislation requires that the offer be made not less than once per calendar year and include policies written under both the Coastal Plan and the FAIR Plan. The corporation shall include policies in the bundle with geographic and risk characteristics that serve to reduce the exposure of the corporation.

Guidelines for the plan are to be developed by Louisiana Citizens Property Insurance Corporation's board of directors and approved by the House and Senate Insurance committees, and the commissioner of insurance. Each insurer admitted to write homeowners or commercial insurance in Louisiana may submit a take-out plan to the

corporation for the bundled policies. The corporation shall submit each take-out plan to the Department of Insurance for review and approval based on the following criteria:

(1) The capacity of the insurer to absorb the policies proposed to be taken out of the corporation and the concentration of risks of those policies. An insurer shall not be qualified to submit a take-out plan unless that insurer has at least a B+ rating with A.M. Best.

(2) Whether the rates proposed to be charged for the policies being taken out are adequate.

(3) The rates which are charged by the company submitting a take-out plan must comply with present law in the first year that the company charges premiums to the customer. During the second and subsequent years of coverage, the take-out company shall apply to the Department of Insurance for rates which are actuarially justified, but in no case may the rates be greater than those authorized in present law (R.S. 22:1401).

If a take-out plan is approved by the Department of Insurance, the corporation may submit the plan to the governing board and the Louisiana Insurance Guaranty Association for approval. The board of directors of Citizens shall develop guidelines for the take-out program which shall be filed with and approved by the Senate and House Insurance Committees and the commissioner of insurance.

The provisions of this Act would become effective only if the treasurer sends out a request for proposal and either no one submits a response to the request for proposal, or a successful bid is not accepted pursuant to Senate Bill 195 of the 2007 Regular Session (see below).

The legislation passed the House Insurance Committee and awaits House floor debate.

* Senate Bill 195 requires the state treasurer obtain a private letter ruling from the IRS by January 1, 2008 to determine if the issuance of a *request for proposal* (RFP)

would revoke the nonprofit status of the Louisiana Citizens Property Insurance Corporation. If the IRS determines that issuing of a RFP and that privatizing Citizens will not revoke the nonprofit status of the corporation, the state treasurer is authorized to seek bids to sell all of Citizens' policies to a private company.

No company can submit a response to the request for proposal or participate in a joint response to the request for proposal unless they have at least a B+ rating with A. M. Best. This bill has passed House Insurance Committee and awaits consideration by the full House.

HOSPITAL TRANSFER

* Senate Bill 179 seeks to merge the Huey P. Long Medical Center with the LSU Health Sciences Center at Shreveport, and grants all administrative authority to the health sciences center.

The Huey P. Long Medical Center would be operated primarily for the medical care of the uninsured and medically-indigent residents and as a teaching institution.

The management of the Huey P. Long Medical Center would become the responsibility of the health sciences center, office of the chancellor.

All medical center employees would be transferred to the health sciences center and all property and materials of the Huey P. Long Medical Center would be transferred to the health sciences center. All liabilities at fiscal year end, accounts payable, payroll payables, outstanding debt, contractual obligations, expenses, obligations at fiscal year end, accounts receivable at fiscal year end, revenues, and similar items shall be deemed to have been transferred to the health sciences center to the same extent as originally made.

The Huey P. Long Medical Center shall be a separate line item within the appropriation schedule.

In the event of a budget deficit or fiscal emergency, neither funds nor personnel shall be reduced from either the Huey P. Long Medical Center or the health sciences center to

offset or compensate for such deficit or emergency in the other center.

The proposed law also provides that the emergency room of the Huey P. Long Medical Center shall not be closed without legislative approval. The Huey P. Long Medical Center would continue to collaborate with and support rural physicians and rural hospitals in the northeast Louisiana area.

Senate Bill 179 establishes the Huey P. Long Medical Center Advisory Council, as well.

The merger would become effective on July 1, 2007, and provides for transitional provisions.

The Louisiana State University at Shreveport and the health care services division (HCSD) of the Louisiana State University Health Sciences Center at New Orleans would enter into a memorandum of understanding to effect the transfer of all of Huey P. Long Medical Center. Additionally, the Louisiana State University Health Sciences Center at Shreveport, through its chancellor, would enter into a cooperative endeavor agreement with Tulane University Health Sciences Center, to include the current residency program in obstetrics offered by Tulane University Health Sciences Center.

Senate Bill 179 would become effective upon signature of the governor.

The measure now goes before the full House for consideration.

FAILED TO PASS

* [House Bill 786](#) would have prohibited teenage drivers from driving with more than one passenger under the age of 20 in the vehicle, unless all passengers are members of the driver's family. House Bill 786 failed to pass the House by a vote of 38-60.

* [House Bill 135](#) would have levied the Alcoholic Beverage Drink tax on alcoholic drinks sold at the wholesale level. The bill, which was in the House Ways & Means Committee, was voluntarily withdrawn.

* [House Bill 623](#) would have established the Vouchers for Students Pilot Program. The bill was involuntarily deferred in the House Education Committee.

* [House Bill 824](#) would have allowed smoking in some restaurant bars.

The bill was involuntarily deferred in the House Health & Welfare Committee.

* [House Bill 537](#) would have permitted smoking in bars in private clubs. The bill died in the House Health & Welfare Committee.